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SUBJECT: CANADIAN POLITICS AND INTERNATIONAL AFFAIRS: THE
STORIES TO WATCH IN 2005

Classified By: PolMinCouns Brian Flora, reasons 1.4 (b) (d)

11. (SBU) Summary: A tan, rested, and combative Parliament returned this week ready to get down to business. The buzz on Parliament Hill was higher than normal as the MPs -- energized by their enhanced role in the minority government -- begin to tackle a host of divisive issues. While most agree that 2005 will not see an election (although there is less conviction about this than previously), a range of issues including same-sex marriage, missile defense, and the budget will keep sparks flying. It will also be an important year for the parties, as the Conservatives attempt to break out of their Western stronghold and truly go national, and the Bloc continues its extreme makeover as the friendly separatists next door. International relations will also get a fresh read with the rollout of the long-overdue International Policy Review. Here is our take on the stories to watch. End Summary

OTTAWA,S TOP TEN LIST

12. (SBU) Same-Sex Marriage: Okay, of course this is a no-brainer in making the top ten, but it may turn out to be the story of the year. Initial soundings are that the bill, which just had its first reading, will be debated for several weeks, tying up a good deal of Parliament's attention and driving fissures in the Liberal and possibly even Conservative Parties. It will go to second reading in March, on to committee, and finally to a vote in June. Conservatives will try to use the issue to peel off immigrant votes from the Liberals and to establish themselves as the party of &normal8 Canadians. But if the Liberals can position themselves as the protectors of the Charter of Rights, they will trump the Conservative's ethnic minority politics and come out ahead. There will not be a more important, or a more divisive issue, for either party. In an extreme scenario, it could yet bring down the government, although when both Martin and Harper said in January that they were willing to go to elections over the issue, the clear message from the electorate was &you better not.8 Elections over same-sex marriage would be the result of a misstep.

Prediction: Same-Sex marriage will pass by a narrow margin in June after a raucous debate.

13. (SBU) Budget Debate: The budget will be presented in late February and debated for about three weeks. This is the only certain confidence vote that must be addressed and will bring folks off the benches in debate and ultimately in the vote. The opposition will have more input to the budget than under a more common majority government, and while there is nothing like the U.S. pork-barrel funding process, back-bench MPs tell us that there will be intense horse-trading amongst the parties on funding for pet programs. The government has presumably learned from the experience of the Throne Speech and the first term, and will anticipate this by building into the budget the sorts of things key MPs will want. More interesting will be how to manage the cuts requested by Conservatives (Conservatives to Bloc -- we'll trade you 100 million in cuts for 100 million in spending?) Fortuitously, there is a healthy surplus to manage any new spending.

Prediction: A lengthier and louder debate than normal leads to a generous social budget that passes without too much angst.

14. (C) Missile Defense: One Liberal MP believes that PM Martin is waiting for the first cattle to move south before he presents missile defense for a vote in order to shore up good will among the MPs. Others believe he is hesitating because he doesn't have a clear proposal to put to the members. In any case, the campaign strategists in the PMO continue to agonize over potential vote losses in Ontario and Quebec if the government declares in favor. Either way there doesn't appear to be any urgency in the matter and it is possible that the missile defense debate could be delayed until June or even later. Martin could also be trying to minimize the number of high-profile issues at any given time that will expose fissures in the Liberal caucus.

Prediction: Continued dithering with no real desire on the

part of the government to deal with this emotional issue. Positive or negative missile defense vote in June, October, or December.

15. (SBU) Conservative Convention: The Conservatives will hold their first policy convention March 17-19 in Montreal. This will be a ground-breaking event that will allow the Conservatives to finally define exactly what the party stands for. In the process it hopes to shore up its internal position, allowing it to break out of its Western isolation and go mainstream. It will also be an informal referendum on Stephen Harper's leadership.

Prediction: The convention will be well-managed and will give a fresh shine to the Conservatives, whose place in the polls will most likely remain stuck in the 28-30 percent range.

16. (SBU) Liberal Party Convention: The Liberals will hold their convention March 3-6 in Ottawa. The recent winter retreat in New Brunswick yielded five key resolutions, around which the party will organize the convention:

- Gender-Based tax policy reform to improve women's economic equality.
- New climate change plans that would reduce greenhouse gas emissions.
- Financial commitments for early learning and child care.
- New funding for post-secondary education.
- Implementation of recommendations of PM's task force on active living and dignity for seniors.

There will also be a resolution from the Quebec Liberals and the Young Liberals of Canada against Missile Defense, which could produce some sparks.

The convention is not as important as the Conservative's, but will showcase the Liberal Party for better or worse. Coming on the heels of PM Martin's appearance before the Gomery Commission, it could be a chance to take some of the scuff marks off the Liberal's shoes, but it could also be the first chance old Chretienites have had to grumble since Martin was elected leader. Martin will face a formal leadership review that he is expected to handily survive.

Prediction: The Liberals will come across as more divided than they would like to appear. Little of substance will emerge from the convention.

17. (C) International Policy Review: The IPR was recently returned by the PM to its handlers in FAC because it lacked a big idea.⁸ With or without a big idea, FAC was hoping to get the document published before the budget, since it will presumably support foreign affairs spending in the parliamentary debate. It will probably go through one more draft, in which one of its core concepts will be sharpened to make up the new approach. But the heart of the document will still be an emphasis on the army over the other services as the best equipped to make a difference in global hot spots (but without a push to develop the capabilities to go to the hottest of the hot spots; warm or even cold spots would be fine); a push to increase the size of Canada's diplomatic presence; and an effort to focus Canada's aid on fewer but more strategically important countries.

Prediction: The draft IPR informs the budget and is used to support key programs, but the document itself doesn't roll out until April, two months later.

18. (C) International Leadership: Ottawa is searching for an opportunity for Canada to take a leadership role somewhere in the world. Haiti has come up, as has the Middle East. While still very risk averse (both politically and practically), Canada will continue to take on the Iraqi election mission through the coming rounds. It is a challenge to take on a larger mission given its pinched resources and serious aversion to casualties, but the upsides of neutrality and global trust are difficult to ignore. If Canada looks hard enough, and has some quiet encouragement and coordination (but not public flogging) from us, something may turn up.

Prediction: Canada will give careful consideration to taking on a mid-sized mission like Haiti for the long term.

19. (SBU) Elections: This will probably be a non-story, as most observers do not believe there will be an election this year. It should always be kept in mind, however, in what is now becoming cliché, that this government is always just one misstep away from an election.⁸

Prediction: No elections in 2005.

10. (C) Gomery Investigation: The "Adscam" sponsorship scandal, in which the Chretien Government awarded millions of dollars in contracts to Liberal Party supporters in a procedure that federal Auditor General Sheila Fraser said broke just about every rule in the book,⁸ continues to limp along. The electorate (except perhaps in Quebec) appears to have largely forgiven the Liberals, after

punishing them mercilessly at the polls in the June election.

But the Conservatives hope the investigation into the scandal putters forward, and continue to flog it at every opportunity. The appearance of former PM Chretien February 8 before the commission made for an interesting day, with the former PM defending both the sponsorship program and the success of his administration -- saying, in essence, we saved the country and its economy, now cut us some slack on the details. PM Martin will appear later in the week and will take the tack that he didn't know what was going on, which has already been damaged by Chretien's testimony.

Prediction: The commission will continue to be an embarrassment for the government and could bring some closet Chretienites out in the open, exposing fissures in the Liberal party. The Martin/Chretien appearance will be controlled for negative fallout but nonetheless a good show. No closure this year.

11. (SBU) Bloc Charm Offensive: Bloc leader Gilles Duceppe has been working his way around the country giving briefings to civic organizations, business councils, the diplomatic corps, basically everyone who is anyone that will listen to his pitch on why separation is a good thing for Canada and its neighbors. He is soon to take the show overseas and will continue the charm offensive through the spring. His meetings have received a fair amount of attention and generally positive write-ups. Duceppe apparently believes that the in-your-face rhetoric of the past was not winning friends and influencing anyone for the Bloc, and this softer approach might be more effective. Still, it is not entirely clear what he is up to, since support for separation outside of Quebec is so marginal and there is no identifiable group that would hear him out with more than begrudging politeness. Bloc pollsters, however, insist that the sovereignty issue is slowly gaining traction outside "la Belle Provence."

Prediction: Duceppe succeeds in putting a kinder, gentler face on separation, without noticeably increasing support among any groups of Canadians.

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